

He cares for you my child.
 All He wants is your heart.
 Please give your heart to Jesus without delay.
 You will be glad you did,
 On that final judgment day.
 Your name will be written in the Lamb's Book of Life.
 No more heartaches, no more dark nights.
 Our heavenly Father will be your shining light.
 Yes, Jesus makes house calls, night and day.
 All you have to do is bow your head and pray.

TAIWAN'S NATIONAL DAY

HON. STEVEN R. ROTHMAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. ROTHMAN. Mr. Speaker, I rise today in support of Taiwan's National Day, which will be celebrated on October 10, 2004. People in the United States and around the world have always marveled at the modern miracle that is Taiwan and the enormous political and economic successes that it has achieved. As we approach Taiwan's National Day, it only seems appropriate that we congratulate our Taiwanese friends on their many successes.

In just 50 years, Taiwan has transformed from a poor authoritarian dictatorship into a vibrant modern democracy. Last March, Mr. Chen Shui-bian was re-elected the eleventh president of the Republic of China. This was the third democratically-held election for the people of Taiwan. A firm believer in the free enterprise system and the importance of democratic governance, President Chen's leadership has enabled his people to enjoy one of the highest standards of living in Asia, with only 1 percent of its population remaining below the poverty line in 2000. Taiwan has also continued to make steady progress at expanding democracy in this republic: it currently has more than 95 political parties and a Constitution that guarantees its citizens full political rights, including the freedom of speech and the freedom of assembly.

Taiwan is a strong ally of the United States. It has unequivocally supported the U.S.-led war against global terrorism and the U.S. war in Iraq. And we, in turn, have given Taiwan our pledge that Taiwanese way of life should not be threatened by any outside forces. This strong mutual relationship is manifested in many ways. Taiwan is our eighth largest trading partner. The Taiwanese people continue to demand a variety of U.S. exports and consistently choose the United States as their number one travel destination. In fact, every year thousands of Taiwanese people come to my own state, New Jersey, for vacations as well as for business purposes. I am confident that the strong relationship between the United States and Taiwan will continue to grow stronger in the years ahead.

On the occasion of Taiwan's forthcoming National Day, I wish to recognize Taiwan's many economic and political achievements and express my congratulations to President Chen Shui-bian and to the Taiwanese Ambassador to the U.S., Mr. David Lee.

LETTER REGARDING CONFERENCE REPORT TO H.R. 4520

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. THOMAS. Mr. Speaker, I would like to insert in the RECORD, the following letter concerning the Conference Report to H.R. 4520, the "American Jobs Creation Act of 2004."

DEPARTMENT OF THE TREASURY,
 INTERNAL REVENUE SERVICE,
 Washington, DC, October 7, 2004.

Mr. GEORGE K. YIN,
 Chief of Staff, Joint Committee on Taxation,
 Washington, DC.

DEAR MR. YIN: Enclosed are the combined comments of the Internal Revenue Service and the Treasury Department on the new deduction relating to income attributable to domestic production activities contained in the Conference Committee Report on the "American Jobs Creation Act", that you identified for complexity analysis in your letter of October 6, 2004.

Our comments are based on the description of the provision provided in your letter, and the statutory language and description of this provision in the Chairman's Mark for the Conference Committee on H.R. 4520, dated October 4, 2004, as posted on the House Ways and Means Committee web site. Due to the short turnaround time, our comments are provisional and subject to change upon a more complete and in-depth analysis of the provision.

Overall, the conference report provides new tools that will assist the IRS in administering the tax laws. However, thus far in the appropriations process, I would note that Congress has not taken favorable action with regard to the request for incremental enforcement resources for the IRS in the President's FY 05 budget request. As noted in the attached analysis, IRS will face additional challenges and resource requirements in administering the proposed domestic production activities credit.

Sincerely,

MARK W. EVERSON,
 Commissioner.

Enclosure.

COMPLEXITY ANALYSIS OF PROVISION FROM
 H.R. 4520, AMERICAN JOBS CREATION ACT OF
 2004

DEDUCTION RELATING TO INCOME ATTRIBUTABLE
 TO DOMESTIC PRODUCTION ACTIVITIES

Provision

The provision provides a deduction from taxable income (or, in the case of an individual, adjusted gross income) that is equal to a portion of the taxpayer's qualified production activities income. For taxable years beginning after 2009, the deduction is equal to nine percent of the lesser of (i) the qualified production activities income of the taxpayer for the taxable year, or (ii) taxable income (determined without regard to this section) for the taxable year. For taxable years beginning in 2005 and 2006, the deduction is three percent of income and, for taxable years beginning in 2007, 2008 and 2009, the deduction is six percent of income. However, the deduction for a taxable year is limited to 50 percent of the W-2 wages paid by the taxpayer during the calendar year that ends in such taxable year.

For purposes of determining the deduction, qualified production activities income is equal to domestic production gross receipts, reduced by the sum of (a) cost of goods sold allocable to such receipts, (b) other deductions, expenses, or losses, directly allocable

to such receipts, and (c) a ratable portion of deductions, expenses, and losses not directly allocable to such receipts or another class of income.

The provision is effective for taxable years beginning after 2004.

IRS and Treasury comments

Administration, Compliance and
 Controversy

The new deduction for domestic production activities will require the promulgation of extensive, detailed new guidance, particularly in the form of regulations. We anticipate that guidance will be required to address:

1. Which activities constitute production activities;
2. The statutory exceptions to the definition of production activity;
3. The allocation of revenues between production and non-production activities;
4. The allocation of deductions between production and non-production activities;
5. The application of the provision when related and unrelated taxpayers perform parts of the production activity; and
6. Numerous other issues.

We expect that such guidance will be difficult to craft. By distinguishing "production" from other activities, the provision places considerable tension on defining terms and designing anti-abuse rules.

Many businesses, particularly small businesses, will find it difficult to understand and comply with these complex new rules, which will affect not only the computation of a taxpayer's regular tax liability but also its alternative minimum tax liability. It will be difficult, if not impossible, for the IRS to craft simplified provisions tailored to small businesses or other taxpayers.

Taxpayers will be required to devote substantial additional resources to meeting their tax responsibilities, including not only employees and outside tax advisers, but also recordkeeping and systems modification resources. The resulting costs will reduce significantly the benefits of the proposal. Some small businesses may find that the additional costs outweigh the benefits, particularly during the initial phase-in period.

It will be necessary to devote significant audit resources to administering the new deduction. This will be due not only to the novelty of the rule but also to the benefits that are provided to "production activities" over other aspects of a taxpayer's business. Taxpayers naturally will classify everything possible as production activities. Audits, particularly those involving integrated businesses, will have to focus on classification and the allocation of income and costs. Significant additional IRS resources will be needed to administer the provision to avoid diverting resources from other compliance issues (such as tax shelters).

Finally, for all of the reasons discussed above, we anticipate a significant increase in controversies between taxpayers and the IRS. This will increase the number of IRS appeals cases and litigated tax cases.

Tax Forms and Publications

The computation of the deduction relating to income attributable to domestic production activities would be figured on a new form for 2005 of at least 10 lines. The instructions for the new form would likely be at least 3 pages.

Two additional lines would have to be added to each 2005 form or schedule on which the deduction from the new form could be claimed. The deduction would be claimed on the following forms and schedules, among others.

1. Schedule C (Form 1040) (sole proprietors);

2. Schedule F (Form 1040) (farm businesses);
3. Form 1041 (estates and trusts);
4. Form 1065 (partnerships);
5. Form 1065-B (electing large partnerships);
6. Form 1120 (corporations);
7. Form 1120-A (short tax return for corporations);
8. Form 1120S (S corporations); and
9. Other Form 1120 series returns.

2005 Forms 4626, 6251, and Schedule I of Form 1041 would have to be revised to add a new line to reflect the difference between the regular tax deduction and alternative minimum tax deduction.

The instructions for all affected forms and schedules listed above would have to be revised to reflect the new deduction.

The tax forms and publications for 2007 and 2010 would have to be updated to reflect the increasing percentage of qualified production activities income taken into account beginning in those years.

Programming changes would be required to reflect the new 10 line form, the two additional lines on the above forms and schedules, and the changing percentages. Currently, the IRS tax computation programs are updated annually to incorporate mandated inflation adjustments. Any programming changes necessitated by the provision would be included during that process.

The following 2005 publications, among others, would have to be revised to cover the new deduction, adding 3 to 6 pages to each.

1. Publication 225 (farmers);
2. Publication 334 (small business tax guide);
3. Publication 541 (corporations);
4. Publication 542 (partnerships); and
5. Publication 535 (business expenses).

Training materials and the Internal Revenue Manual would have to be revised to reflect the new deduction.

MERRICK LITTLE LEAGUE BASEBALL

HON. PETER T. KING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. KING of New York. Mr. Speaker, I rise today to congratulate the Merrick Little League Baseball Team as our New York State Champions. These athletes should be very proud of this enormous accomplishment. I know I share in the pride of their parents, coaches and residents of Merrick.

In fact, I would like to recognize and honor the following players who will certainly be ranked the best in the New York State Little League: Louis Eiler, John Eyerman, Chad Fuschillo, Zachary Goldstein, Frankie Leavey, Jordan Leopold, Alex Ras, Robert Rosen, Brandon Serota, Noah Shulman, and Thomas Viverto.

In addition, I want to extend special recognition to the Merrick Little League Coaches Robert Ras and Michael Serota, as well as Manager Jason Shulman.

On behalf of myself and the United States House of Representatives I congratulate the Merrick Little League Baseball Team on this wonderful achievement.

SIMMONS AMENDMENT TO H.R.
4548

HON. MARK STEVEN KIRK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. KIRK. Mr. Speaker, on June 23, 2004 during the debate of the Simmons amendment to H.R. 4548, the Intelligence Authorization Act for fiscal year 2005, I was misquoted in the CONGRESSIONAL RECORD. My statement should have read:

Mr. Chairman, I rise in support of the Simmons amendment. Unlike some other amendments in this bill that are offered for partisan advantage, this amendment is offered by a former CIA officer with detailed knowledge of how the U.S. intelligence community works. To my knowledge, there are only three current Members of Congress who worked with the CIA: our chairman, the gentleman from Florida (Mr. Goss), the author of this amendment; the gentleman from Connecticut (Mr. Simmons); and me, who was detailed to the CIA from navy intelligence.

This amendment seeks to change our intelligence culture to become more effective in the age of the Internet. Today, every two-bit terror organization in the world has a Web site broadcasting information on its activities. Internet news, political parties, and foreign government sites all offer new material to our intelligence community.

For years in the cold war, our enemies collected open-source data on us, but we were forced to collect secret data on them. That is now changing. There is a wealth of open-source data on our adversaries. Every analyst in the community should be encouraged to use as much current and accurate open-source data as possible; and I applaud the gentleman, who knows the CIA so well, for offering this amendment to keep our culture up to date with the current technology.

THANK YOU, STAFF SERGEANT
CHRISTOPHER B. WILSON

HON. ERIC CANTOR

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. CANTOR. Mr. Speaker, on behalf of a grateful nation and the citizens of the Seventh District of the Commonwealth of Virginia, I would like to personally thank Staff Sergeant Christopher B. Wilson for his honorable service to the Armed Forces of the United States of America.

I celebrate his return from service abroad, and this country will forever be grateful for his leadership, unwavering dedication to the mission, and the bravery he demonstrated each day in the face of danger. Staff Sergeant Wilson, a proud member of the Virginia National Guard's 229th Military Police Company, returned home to his family and friends in April of 2004. He served two tours of duty defending our homeland and liberating the people of Iraq. He defended our nation's capital during Operation Noble Eagle. Again he answered our nation's call-to-arms, spending 14 months in the Middle East during Operation Iraqi Freedom.

We will never forget his service as he has set an enduring example for all Americans. His service is a perfect model for all men and

women in uniform who wage the daily war on terror. His family and community, the American Military, and the United States of America should be proud of his service.

His actions are consistent with the finest traditions of military service and reflect great credit on the Commonwealth of Virginia and the United States of America. Staff Sergeant Christopher B. Wilson, I again thank you for your selfless service and welcome you home.

HONORING THE CONTRIBUTION OF COMMUNITY HEALTH CENTERS

HON. RAÚL M. GRIJALVA

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 7, 2004

Mr. GRIJALVA. Mr. Speaker, community health centers (CHCs) are at the forefront of the noble endeavor to provide quality health care to our nation's most underserved communities. Nearly 900 CHCs throughout the country treat more than 12 million patients who are typically low-income, uninsured, and disproportionately affected by chronic diseases such as diabetes. Ninety percent of patients live at or below 200% of the federal poverty level, and nearly half (5 million) lack health insurance. CHC patients are predominantly women, who require gynecologic and obstetric care, as well as pediatric care for their children. CHC patients are also ethnically and linguistically diverse—with nearly one-third whose native tongue is not English.

Not only are many CHCs the sole source of health care in the underserved communities where they operate, but they are also the sole providers of other crucial services such as dental care, mental health counseling, substance abuse treatment, and assistance to domestic violence victims. In my state, Arizona, CHCs service about 350,000 people in 85 neighborhoods—from densely populated urban centers to far-flung rural towns and tribal communities deep in desert locales, miles away from the nearest community. Last year, nearly 1.5 million visits were made to Arizona's CHCs.

Clearly, health centers save our health care system an untold amount of money by treating patients who, due to lack of access and finances, would otherwise end up in the emergency room needing intensive and expensive treatment. Yet, CHCs struggle to generate adequate revenues to maintain their operations. They do not pocket any of the savings they bring to the system, which are instead transferred by hospitals and private physicians. And while the latter can absorb losses from treating uninsured patients due to their high percentage of privately insured patients, CHCs receive the majority of their reimbursement from Medicaid, which accounts for 36% of all their revenues. Federal grants make up the second largest source of funding, at 22%. By contrast, only six percent of CHC revenues come from reimbursements of private insurers.

This year, the House allotted \$1.84 billion to the federal CHC direct grant program in the FY 2005 Labor, HHS and Education appropriations bill. Although this is a welcome increase from the federal government's funding of \$1.57 billion for FY 2004, I am disappointed that the Health Community Access Program was eliminated. Without Medicaid, however,